

EXTENSIONS OF REMARKS

IN RECOGNITION OF CAPTAIN
HENRY OSBORNE

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. HALL of Texas. Mr. Speaker, I rise today to honor and pay tribute to one of the greatest men and finest Americans I have ever known—Navy Captain Henry Osborne.

He was born in Ladonia, Texas, January 17, 1924, to Mr. and Mrs. Alonzo Osborne. Henry enlisted as a Seaman Second Class in the Navy May 8, 1942. He was designated a Naval Aviator and received a commission as Ensign, April 16, 1943. After a long and distinguished military career Henry retired June 30, 1973, as Captain, United States Navy.

Seeing Captain Osborne on Sundays at First United Methodist Church of Rockwall, I had the pleasure of getting to know him personally. Besides exchanging pleasantries, I had the opportunity to share old World War II stories with Captain Osborne on many occasions.

During these memorable conversations, Captain Osborne told me about the combat he saw in the Pacific during World War II and in Korea. He was a Prisoner of War in Korea from May 23, 1951 to September 2, 1953. Captain Osborne was awarded the Legion of Merit, the Distinguished Flying Cross, the Air Medal (12), the Joint Service Commendation, the Purple Heart, the Presidential Unit Citation and the Navy Unit Commendation. As shown by these many symbols of accomplishment and bravery, Henry fought for this country, he was imprisoned for this country, he bled for this country—and, yes, he lived for this country.

Captain Henry Osborne passed away last week on October 1, 1998. Henry is survived by his wife, the former Muriel Kathryn Ogden, whom he married at the Naval Air Station Chapel, Corpus Christi, Texas, October 31, 1947. Muriel knew the pains of fear as her husband was shot down in combat and imprisoned. She served side by side with Henry during the dark days of war and enjoyed the bright aftermath of armistice. Muriel is a lovely and talented lady who has shared her talents with our church choir. She has always been a wonderful wife, friend and partner to a great, great man. Henry is also survived by his three daughters: Kathryn, Henri and Zelma.

Mr. Speaker, I have rarely been as impressed by any one man, as I was by Henry Osborne. Henry was a "man's man." When I looked him in the eye I saw a man who bore the brunt of war. Henry Osborne was the epitome of a Naval Captain. Mr. Speaker, when we adjourn today, let us do so in honor and respect for this great American hero—the late Captain Henry Osborne.

TRIBUTE TO CAROLYN MOORE OF
MUNSTER, IN

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. VISCLOSKY. Mr. Speaker, it is truly my distinct honor to congratulate one of Northwest Indiana's hidden treasures: Carolyn Moore, of Munster, Indiana. The Owner and President of Laughing Cat Productions, Carol's work, "Citizens Financial Services History," has been recognized with a Telly Finalist Award. Since 1986, when she founded Laughing Cat Productions, Carol has been serving businesses, schools, and individuals who wish to have a video produced. Winning a Telly Award is a significant honor, and raises Carol to the top of her field, not only in Northwest Indiana, but across the entire United States. The Telly Awards are a national competition for people and companies who create videos, commercials, and films; Carol earned a Finalist Award in the category of corporate image. The Telly Awards Organization was founded in 1980 to showcase and offer recognition to outstanding non-network and cable television commercials. Past winners include the Ford Motor Company, the American Medical Society, and Pepsi. Carol's Award and Recognition places her among the best in the advertising business.

When I think of Carol, however, the first image which comes to my mind is not her successful professional career, but her extraordinary community activism. Whenever a project has needed a leader or an issue has needed to be addressed, Carol has stepped forward to accept the challenge. I cannot emphasize how much her involvement in the community means to me, and to our region. Well before her career in advertising and production, Carol served our community as one of its most dedicated and successful activists. Beginning in 1978, she helped lead Northwest Indiana's endeavor to create a local television station. Her vision was realized in 1985, with a federal grant of one million dollars for a local television station from the Development of Commerce's National Telecommunications and Information Administration. Today, the residents of Northwest Indiana enjoy the fruit of Carol's labors: WYIN Channel 56, the region's only local broadcast station. Carol's community activism did not stop in 1985, however. For over a decade, she has worked with the Northwest Indiana Literacy Coalition, and today serves as a member of the Board of Directors. She is a member of both the Munster and Gary Chambers of Commerce, serves as the President of the Communicators of Northwest Indiana, and is currently the Vice President of Marketing for the Northwest Indiana World Trade Council.

Though Carol is dedicated to her career and community, she has never limited her time

and love for her family. Longtime residents of Munster, Carol and her husband Dave have raised three children; Jillian, 27; Douglas, 23; and Owen, 21. Outside of her work and volunteer service, Carol enjoys spending her time reading, sailing, and golfing. She plans to continue her work as President of Laughing Cat Productions, and hopes to slowly expand the company. In addition, she intends to maintain her high levels of community service and involvement in the local media.

Mr. Speaker, I ask that you and my distinguished colleagues join me in congratulating Carolyn Moore for her truly well-earned honor, and, though often unrecognized, for her exemplary efforts to improve our region. Carol's community activism and desire to improve our community is commendable and praiseworthy. Whether through advancing the public's literacy awareness, championing the cause of local and public television in Northwest Indiana, or pursuing the economic re-vitalization of Northwest Indiana, Carol's actions have left an indelible mark on Indiana's First Congressional District. We are indeed fortunate to have such a dedicated and self-sacrificing citizen.

TAIWAN TO CELEBRATE NATIONAL
DAY

HON. SILVESTRE REYES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. REYES. Mr. Speaker, I rise to join in celebration with the Republic of China on Taiwan on the occasion of their upcoming National Day and to discuss Taiwan's status in the international community and with the United States.

The Republic of China was founded early in this century, and despite a history of struggle, they have been a strong ally and partner of the United States. They have developed a dynamic economy and industrial base with ties around the world. As a result, they are a valued trading partner. Moreover, they share our economic principles and with their economic success are a tremendous example of free market capitalism.

Additionally, they have shown themselves to be a stabilizing economic force. All of us have heard of the financial devastation and recessionary conditions plaguing various nations in Asia, yet Taiwan remains economically strong. They have assisted neighboring countries and used their financial strength to ease the Asian economic crisis and act as a valuable resource.

Taiwan has been able to take this leadership role, despite remaining isolated without a seat in the United Nations nor in the major international organizations. Moreover, despite a lack of formal diplomatic relations with the

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Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

United States, Taiwan has consistently worked in conjunction with the United States in support of our various interests. With their important strategic geographic and economic position in the world, they are an important ally.

During the occasion of Taiwan's forthcoming National Day we therefore celebrate our friendship with Taiwan. We must continue to cultivate an ever close partnership with Taiwan. I commend Taiwan on its leadership, friendship, and close relationship.

Mr. Speaker, I therefore congratulate Taiwan on its accomplishments and join in celebration on Taiwan's forthcoming National Day.

FILIPINO VETERANS SSI EXTENSION ACT, H.R. 4716

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. GILMAN. Mr. Speaker, I rise today to introduce H.R. 4716, the Filipino Veterans SSI Extension Act.

At the start of the 105th Congress, I introduced H.R. 836, the Filipino Veterans Equity Act, a bill which would have provided full veterans benefits to those veterans of the Commonwealth Army of the Philippines.

Although hearings were held earlier this year, the prospect of legislative action on H.R. 836 appears unlikely. Therefore, I am offering this measure in order to provide some relief for those Filipino veterans residing in the United States who currently receive Supplemental Security Income benefits.

Under current law, individuals who receive SSI benefits must relinquish those benefits if they choose to leave the country. This bill would permit those who were members of the Filipino Commonwealth Army and recognized guerilla units during World War II to continue to receive SSI benefits if they elect to return to the Philippines.

These benefits would be reduced by 25 percent if the individual veteran returned to the Philippines, to reflect the lower cost of living and per capita income of that nation.

It is estimated that several thousand veterans would be affected, many of whom are financially unable to petition their families to immigrate to the United States. Should this bill be adopted, these veterans would be able to return to their families in the Philippines while bringing a decent income with them.

I urge my colleagues to join me in supporting this worthwhile measure.

H.R. 4716

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROVISION OF REDUCED SSI BENEFIT TO CERTAIN INDIVIDUALS WHO PROVIDED SERVICE TO THE ARMED FORCES OF THE UNITED STATES IN THE PHILIPPINES DURING WORLD WAR II AFTER THEY MOVE BACK TO THE PHILIPPINES.

(a) IN GENERAL.—Notwithstanding sections 1611(b), 1611(f)(1), and 1614(a)(1)(B)(i) of the Social Security Act—

(1) the eligibility of a qualified individual for benefits under the supplemental security income program under title XVI of such Act

shall not terminate by reason of a change in the place of residence of the individual to the Philippines; and

(2) the benefits payable to the individual under such program shall be reduced by 25 percent for so long as the place of residence of the individual is in the Philippines.

(b) QUALIFIED INDIVIDUAL DEFINED.—In subsection (a), the term "qualified individual" means an individual who—

(1) as of January 1, 1990, was eligible for benefits under the supplemental security income program under title XVI of the Social Security Act; and

(2) before August 15, 1945, served in the organized military forces of the Government of the Commonwealth of the Philippines while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among such military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent military authority in the Army of the United States.

RECOGNIZING THE HAYS COUNTY 4-H ANNUAL DINNER, DANCE AND AUCTION

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. PAUL. Mr. Speaker, the Hays County 4-H will hold their annual dinner, dance and auction on Saturday, October 10, 1998. This is a very important event Mr. Speaker, as it recognizes 90 years of 4-H in Texas. For those of us who were raised on farms and who represent agricultural communities it is well known how important an organization 4-H truly is.

Head, Hand, Hearts and Health, these are the "4-H's" and they are truly indicative of what this organization is all about. One of the primary missions that this organization undertakes is agricultural education. Earlier this year I introduced a bill which would exempt the sale of livestock by those involved in educational activities such as FFA and 4-H from federal income taxation. By making young men and women who participate in these activities hire a group of tax accountants and attorneys we are sending the wrong message. Young people who sell livestock at county fairs and the like should be rewarded for taking self initiative and allowed to keep the money they've earned to help pay for their education or to re-invest in other animals to raise. My bill would eliminate the current policy of forcing these youngsters to visit the tax man.

Mr. Speaker, I want to commend the young people of Hays County's 4-H, as well as their parents and sponsors, for continuing the fine traditions of this truly great organization.

A TRIBUTE TO THE SHEET METAL WORKERS, LOCAL NO. 20

HON. PETER VISCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. VISCLOSKEY. Mr. Speaker, it is my distinct honor to congratulate some of the most dedicated and skilled workers in Northwest Indiana. On September 18, 1998, in a salute to their workers' durability and longevity, the Sheet Metal Workers, Local #20, of Gary, Indiana, honored their members of fifty years, forty years, and twenty-five years continued service. These individuals, in addition to the other Local #20 members who have served Northwest Indiana so diligently for such a long time, are a testament to the proto-typical American worker: loyal, dedicated, and hard-working.

The men and women of Local #20 are a fine representation of America's union men and women; I am proud to represent such dedicated men and women in Congress. The Sheet Metal Workers Constitution states, "... to establish and maintain desirable working conditions and thus provide for themselves and their families that measure of comfort, happiness, and security to which every citizen is entitled in return for his labor, from a deep sense of pride in our trade, to give a fair day's work for a fair day's pay." For fifty years, the following individuals have followed this creed: John Bitner, Alan Bradford, Henry Eckstein, Clem Gora, Arthur Kekeis, Raymond Klodzen, Ton Mason, Andrew Mushinsky, John Piecuch, Joseph Pollock, Allen Tucker, and John Wesbecher. In 1958, Eugene Bitner, Harold Couma, John Downing, Harry Hamilton, Franklin Klee, Ralph Lasky, and Frank Macewicz, Arthur Panek, Willie Peters, Levi Richmond, Thomas Schaeffer, George Sweat, and Jack Teitge began their own forty years of service to Northwest Indiana and membership in the Sheet Metal Workers trade union. In addition to the great service and dedication displayed by the fifty and forty-year continued service members, the members with twenty-five years of continued service were honored. They are Robert Allen, Howard Alward, Keith Benson, Joseph Bloomfield, Robert Bonner, David Condon, Henry Cook, Benjamin Dear, Randall Hamilton, Terrence Henney, Arthur Herr, Donald Hill, David Hoffman, Kevin Hoffman, Clifford Hynd, David Jorgenson, John Klein, James Knapik, Carlton Kobe, Jerry Krachinski, Thomas Labney, Gerald Levendouski, Raymond Levendouski, Dan Londacre, John McShane, David Masterson, Gus Martakis, Richard Mendez, Earl Miller, Marty Mushinsky, Floyd Nelson, John Oros, Joseph Poropat, Rocky Richardson, Joseph Ring, Steven Sasko, William Schaeffer, Michael Shammert, Louis Schest, Jacob Sherwood, Eugene Skalpa, Charles Spicker, Robert Swisher, Michael Switt, Larry Tayler, Walter Thomas, Charles Thompson, Robert Vaughn, Frank Vidimos, Wayne Werdin, Roger Wright, and Paul Zander.

As Orville Dewey said, "Labor is man's greatest function. He is nothing, he can do nothing, he can achieve nothing, he can fulfill nothing, without working." The men of Local

#20, in addition to all of the local unions in Northwest Indiana, form the backbone of our economy and community. Without their blood, sweat, and tears, Indiana's First Congressional District would not be a place of which to be proud, it would not be the place I love, nor would it be my home.

Mr. Speaker, I ask that you and my distinguished colleagues join me in congratulating these dedicated, upstanding members of Local #20, in addition to all the hard-working union men and women of America. Their hard labor and dauntless courage are the achievement and fulfillment of the American dream.

TRIBUTE TO ST. PAUL LUTHERAN CHURCH IN ROYAL OAK, MI

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. LEVIN. Mr. Speaker, I rise to honor the congregation of St. Paul Lutheran Church, Royal Oak, Michigan, as they celebrate 125 years of ministry to the Royal Oak community.

St. Paul Lutheran Church began as a Lutheran orphanage in 1873 on twenty acres of property at University and Main Street in Royal Oak. In August of 1873, Pastor George Speckhard was installed as Pastor of the Church as well as superintendent of the orphanage and instructor of deaf children.

Pastor Speckhard, a former teacher for the deaf in Germany before entering the ministry, had been instructing two deaf children and was soon asked to instruct other deaf children in the area. Within ten months, he was instructing 15 deaf children. Because of the obvious need, the orphanage was transferred to Addison, Illinois and the Royal Oak facility became a school for the deaf. In 1875, the school was moved to Nevada Avenue in Detroit, and became known as The Lutheran School for the Deaf.

After the School for the Deaf was moved, Pastor Speckhard faithfully made the trip to Royal Oak to continue church services and other pastoral duties in various temporary locations. After reorganization, the church was called St. Paul Evangelical Lutheran Church.

St. Paul's experienced changes in pastors throughout the years. In addition, the church made several moves, and underwent building and expansion projects to accommodate its growing congregation and increasing enrollment in the day school.

During these 125 years, St. Paul's has always served the Royal Oak community by participating in a variety of local projects, teaching children in their day school, and reaching out with their ministry program specifically formulated for Royal Oak's unique urban community.

I ask my colleagues to join me as we extend our sincere congratulations to St. Paul Lutheran Church for their 125 years of dedicated spiritual service to the Royal Oak community.

ARBEN XHAFFERI ON PEACE AND DEMOCRACY IN THE FORMER YUGOSLAV REPUBLIC OF MAC- EDONIA

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. GILMAN. Mr. Speaker, Mr. Arben Xhaferi is the Chairman of the Albanian Democratic Party of Macedonia, one of the leading parties representing ethnic Albanian citizens of the Former Yugoslav Republic of Macedonia.

Mr. Xhaferi visited Washington last week and delivered a speech at the United States Institute of Peace concerning developments in the Former Yugoslav Republic of Macedonia and the situation in the Balkans in general. I would like to provide for the Members' review the introductory portion of Mr. Xhaferi's presentation, in which he outlines his argument that a people's right to self-determination should supercede a state's right to territorial integrity if that state does not guarantee democratic and human rights for all its citizens, regardless of ethnic background.

Mr. Speaker, while attention has been focused on the conflict that has raged in the Kosovo region of Serbia, we should note that the future of the Former Yugoslav Republic of Macedonia is just as important for the development of peace and democracy in the Balkans. The creation of a unitary state with equal rights for all its citizens is an important process in the Former Yugoslav Republic of Macedonia. The United States Department of State and Agency for International Development should pay full attention to the problems in that new country and re-double on-going efforts to support democratization, economic growth and educational opportunities there.

Mr. Speaker, the introductory portion of Mr. Xhaferi's speech follows.

CHALLENGES TO DEMOCRACY IN MULTIETHNIC STATES

(By Arben Xhaferi)

INTRODUCTION

Since the fall of communism, the economic, social, ethnic, and cultural problems that previously were concealed and suppressed by Communist ideologists have re-emerged, and often in tragic ways. Five decades of the suppression of ethnic and social conflicts in the service of Communist ideology have resulted in the "revenge of history over ideology," which, in post-Communist states, has manifested itself in two troubling phenomena: the creation of "ethnic States" and the creation of colonial relations, and in some instances, apartheid relations, among different ethnic groups.

Consequently, in post-Communist States, there is and there will be for the foreseeable future a struggle between the forces that seek to affirm and cultivate diversity and democracy and those that seek the ethnic, religious, economic, and political domination of one group over another. The attempt of dominant ethnic groups to achieve hegemony is being orchestrated through the misuse of Western values. Democracy is proclaimed and then subverted by officials who have transformed it into an instrument of elimination, a method for marginalizing non-dom-

inant ethnic groups. In the Former Yugoslav Republic of Macedonia (FYROM), for example, a parliament that represents the dominant group of Macedonians "votes" to legalize their "right" to dominate the minority.

With the shattering of the former Soviet Union and the corresponding rise in ethnic wars of secession, two competing claims in the sphere of international law now confront each other: the right of self-determination, including emancipation and decolonization, and the right of sovereignty, including the inviolability of borders. The former right is in alienable, whereas the latter right is not absolute—it simply defines the ways in which borders can or cannot be changed. The right to self-determination is under attack by those who would replace the ideological totalitarianism of the Communist system with ethnic totalitarianism. In Bosnia, we have witnessed ethnic cleansing. In Kosovo, we have watched a apartheid unfolds into genocide; in FYROM, we have seen the second largest ethnic group, the Albanians, marginalized; and in Russia, a Slavophile diplomatic policy prevails.

The efforts of dominant ethnic groups in the post-Cold War world to deny individual liberties and ethnic, cultural, linguistic, and religious rights among ethnic groups seeking freedom and self-determination have been justified using arguments of Legality, the inviolability of borders, conspiracy (unfounded speculations about attempts by "foreign enemies" to overthrow the State), racist or ethnocentric theories, history, including fictitious claims of national destiny, and the threat of instability posed by false comparisons between, for example, the demands and status of American Hispanics, Aborigines in Australia, Basques in Spain, Arabs in France, and Albanians in the former Yugoslavia.

Serbian President Slobodan Milosevic and his staff resort to most of these arguments when they discuss the factors that led to the disintegration of Yugoslavia. The blame foreign agents, the West in general and former U.S. Congressman Robert Dole and former German Minister of Foreign Affairs Hans Genscher in particular, as responsible for the disintegration of their country. Simultaneously, the hold aloft Serbia as the bastion of Orthodoxy preventing the penetration of Catholicism in the East and Islam in the West. In order to justify their hegemony, the Serbian regime oscillates between the ethnic argument (Bosnia and Hercegovina) and the historical argument (Kosovo is Serbia's "Jerusalem").

Similarly, in FYROM, when the Albanians called for more extensive use of the Albanian language and the official recognition of the Albanian University of Tetova within the Macedonian educational system, the government of Koro Gligorov dismissed these demands by arguing that if such rights were given to Albanians, then the same should also be given to Hispanics in Texas and Arabs in Marseilles.

Nevertheless, we stand at the beginning of a new era in which old federations are dissolving, their constituent parts are seceding, and the right to self-determination is emerging as a defining issue on the historical stage. In the face of massive human rights abuses and economic, cultural, and political disenfranchisement, a people's right to self-determination must have priority over territorial integrity. Emerging new States should be recognized only if they guarantee human rights, freedom, equality, peace, and democracy for all groups.

RECOGNIZING THE FAYETTE COUNTY 4-H ANNUAL BANQUET

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. PAUL. Mr. Speaker, the Fayette County 4-H will hold their annual banquet on Sunday, October 11, 1998. This is a very important event Mr. Speaker, as it recognizes 90 years of 4-H in Texas. For those of us who were raised on farms and who represent agricultural communities it is well known how important an organization 4-H truly is.

Head, Hand, Hearts and Health, these are the "4-H's" and they are truly indicative of what this organization is all about. One of the primary missions that this organization undertakes is agricultural education. Earlier this year I introduced a bill which would exempt the sale of livestock by those involved in educational activities such as FFA and 4-H from federal income taxation. By making young men and women who participate in these activities hire a group of tax accountants and attorneys we are sending the wrong message. Young people who sell livestock at county fairs and the like should be rewarded for taking self initiative and allowed to keep the money they've earned to help pay for their education or to re-invest in other animals to raise. My bill would eliminate the current policy of forcing these youngsters to visit the tax man.

Mr. Speaker, I want to commend the young people of Fayette County's 4-H, as well as their parents and sponsors, for continuing the fine traditions of this truly great organization.

GAS PRICES

HON. SILVESTRE REYES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. REYES. Mr. Speaker, the citizens of El Paso voiced their concerns to me over what they pay for gas at the pump. As many of you know, the mayor of El Paso, Carlos Ramirez, contacted me earlier this year with a request that I initiate a closer look at this situation. At my request, Congressman GENE GREEN chaired a public meeting in El Paso on gas prices. I would like to insert for the RECORD the statements of two of the participants, Mr. Carter Montgomery of Longhorn Partners Pipeline, and Dr. R. Perryman of Perryman and Associates, who both spoke about the gas prices in El Paso and how to resolve those problems.

STATEMENT OF CARTER R. MONTGOMERY, PRESIDENT AND CEO, THE LONGHORN PARTNERS PIPELINE, SEPT. 3, 1998, EL PASO, TX

Good morning. I am Carter Montgomery, President and CEO of Longhorn Partners Pipeline. Longhorn is a limited partnership based in Dallas, Texas. In 1995, we began developing a 700-mile, 18-inch diameter pipeline that will transport gasoline, diesel and jet fuel from Gulf Coast refineries to West Texas communities and the El Paso gateway market.

Our pipeline consists of an existing 450-mile section from Houston to Crane, which we have significantly improved; a newly constructed 250-mile extension from Crane to El Paso; and a new nine-mile section to connect the existing pipeline in Houston with the GATX terminal in Galena Park, Texas. GATX is the largest products terminal on the Gulf Coast. By originating there, Longhorn will be able to receive products for delivery to West Texas from as many as 12 Gulf Coast refineries that, together, constitute nearly 25 percent of the refining capacity of the U.S. Our goal is to begin delivering products to El Paso and West Texas before the end of 1998.

In El Paso, we are also constructing a 19-tank, 900,000-barrel terminal to allow shippers to store fuels for this area and send some on to New Mexico and Arizona. In addition, Longhorn is constructing a smaller terminal in Odessa, Texas to serve the Permian Basin market. An 8-inch pipeline is being constructed from Crane to serve the new terminal in Odessa.

We made the decision to serve El Paso consumers and businesses after identifying historically high gasoline costs, often 10 to 20 cents per gallon more than drivers pay in other parts of Texas, such as Houston. This costs El Pasoans more than \$12 million per year.

As this chart shows, between January 1990 and July 1998, Houston had consistently lower gasoline prices than El Paso.

Even as El Paso's gasoline prices became slightly lower between June 1996 through July 1998, its prices have still remained higher than in Houston plus the cost of transportation, although an interesting phenomenon is taking place.

From June 1996 through July 1998, there has been a definite closing of the price gap. It appears to me that several factors have contributed to this welcome relief to El Paso motorists: the actions of El Paso citizens in demanding lower prices, including some very active advocates in the media; the actions of Mayor Ramirez and other elected officials like yourselves; and the mere threat of competition from the Gulf Coast that has resulted in gasoline merchandisers competing for market share before the new gasoline supplies get here.

I want to emphasize, though, that El Paso citizens have seen short-term price reductions before, only to have their hopes dashed a few months later. What will be different after Longhorn is operating is this—bringing gasoline and other fuels from those Gulf Coast refineries will create a structural change in the market. That structural change is what will seal in the new, more competitive market that will, in turn, help make fairer pricing a lasting part of the El Paso economy.

I am extremely proud to be a part of this project. We are building a safe, environmentally sound pipeline, with a goal of 100 percent safety. We have gone to great lengths to ensure the operating integrity of this pipeline. Many of the tests and improvements to the line exceed federal and state requirements.

Even before purchasing the line in 1995, we conducted several comprehensive tests. These included the "Smart Pig" test, a device, run through the pipeline, that electronically measures wall thickness and other structural conditions. Following that, a Hydrostatic Test was performed to confirm the integrity of the entire pipeline. In a Hydrostatic Test, the line is pressurized to 1.25 times its maximum operating pressure and

held there for an extended period. The tests confirmed the pipeline's structural integrity. Going forward, Longhorn will conduct additional "Smart Pig" tests every five years.

Once in operation, the entire pipeline will be monitored 24 hours a day from a central control room, with readings taken every few seconds by computer. An operator will manage the pipeline, including the new remotely controlled valves we are adding as a safety upgrade.

Longhorn is adding these remotely operated block valves on both sides of the Edwards Aquifer and at all river crossings, isolating these small sections so the flow of products can be quickly halted if necessary. Volumes entering and exiting sections of the pipeline are metered and balanced every few seconds, allowing the operator to monitor the flow of products through the pipeline. Each valve operates independently, enabling the operator to select the most environmentally sound course of action.

Suction and discharge pressures at all pumping stations are also continually monitored, giving the operator additional data to operate the pipeline safely and reliably.

Longhorn will also install an additional pump near the Edwards Aquifer that will lower the operating pressures over the aquifer. These operating pressures will be lower than in the past. This is an additional step that will help to protect the environment.

We are also posting pipeline identification signs closer together than the previous operator, decreasing the risk of third-party damage to the line.

Longhorn will visually inspect the entire line once a week, more frequently than in the past. Many of these safety measures go beyond the requirements of law or regulation, but we are doing them because they enhance safety, help us fulfill our commitment to safety and environmental quality and, frankly, because they're good, prudent business measures.

We are, and will continue to be, regulated by the U.S. Department of Transportation's Office of Pipeline Safety on interstate pipeline matters, and by the Texas Railroad Commission on any intrastate pipeline matters.

This concludes my statement. I will be happy to answer any questions.

SUMMARY OF TESTIMONY BY M. RAY PERRYMAN, PH.D, SEPT. 3, 1998, EL PASO CIVIC CENTER

INTRODUCTION AND QUALIFICATIONS

My name is M. Ray Perryman. I am President and Chief Executive Officer of The Perryman Group (TPG), an economic research and analysis firm with its principal place of Business in Waco, Texas. In addition to my responsibilities at the firm, I am business Economist-in-Residence at Southern Methodist University (SMU) and Institute Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies.

It is my pleasure to appear before this Committee and offer a perspective on the retail gasoline market in El Paso and New Mexico. I am deeply appreciative of the work that the Committee is doing and greatly admire the willingness of this group to tackle such complex issues. I will do anything possible to assist in the process.

INTRODUCTION

A new competitor is seeking to enter the market for gasoline sales in the Upper Rio Grande area which is dominated by the El Paso Metropolitan Statistical Area (MSA).

The project will also provide a new source of refined petroleum products in New Mexico. The new venture promises substantial economic benefits to consumers in the form of lower costs. The project involves the development of a pipeline connecting the refineries of the Texas Gulf Coast with El Paso. The pricing structure offered by this new initiative will bring significant savings to area residents, particularly within the Hispanic population. The new pipeline will also enable connections to third party pipelines with access to major urban centers in Arizona and New Mexico.

The total project has far-reaching economic benefits for the economies of regions it serves, including construction costs, ongoing operating expenditures, and substantial savings to consumers. The present testimony presents the project's economic savings to residents in the El Paso area, to the local Hispanic community, and to New Mexico—all of which are made possible by the pipeline. Initially, a brief description of the methodology is provided. This discussion is followed by a presentation of results and a concluding synopsis.

METHODOLOGY

The basic technique used in this investigation is known as input-output analysis. In general, this approach involves the creation of a system which estimates the amount of various inputs required to make a unit of output (measured in monetary terms). For example, the construction of a typical house requires quantities of wood, glass, wiring, roofing shingles, financial services, and numerous other factors. Each of these items also requires inputs, thus leading to multiple rounds of activity. The portion of this production activity that remains in an area depends upon its capability to supply the various items required in the process.

The proposed pipeline will enable the achievement of consumer savings through notably lower prices for gasoline and diesel in the Upper Rio Grande areas it reaches. The direct magnitude of fuel purchases in the relevant regions is estimated based on data provided by the Texas Comptroller of Public Accounts and the New Mexico Taxation and Revenue Department for gallons of fuel sold and motor vehicle registrations. As a conservative assumption, 1997 volumes are used in the analysis although past data and forecasts for the regions suggest increasing future sales. (The regional forecasts of overall economic conditions are generated by The Perryman Group using standard regional modeling approaches.)

Once the volumes are established, the potential savings in wholesale costs are determined. Using data from the Oil Price Information Service, the differential between prices in the Gulf Coast area and the relevant consumer markets is calculated. A four-year average (1994-1997) disparity is employed in the analysis. The net differential in wholesale prices is determined by subtracting the expected transportation tariff for spot shippers to be levied by the new competitor and other third party shippers from the price gap. The calculations are completed in a manner that does not incorporate disparities in state gasoline taxes within the cost savings. Even greater savings could occur through contract shipments at lower negotiated rates, although this potential was not factored into the calculations in the interest of conservatism.

To translate these wholesale price reductions into retail savings for consumers requires an evaluation of the extent to which cost decreases are passed along to con-

sumers. In general, studies indicate that "permanent" changes in wholesale gasoline costs are fully reflected in retail prices within a short period of time. Several recent national studies indicate that even temporary cost decreases are passed from 80%-100% to consumers. (See, for example, Robert Bacon, "Rockets and Feathers: The Asymmetric Speed of Adjustment of UK Retail Gasoline Prices to Cost Changes," *Energy Economics*, 1991; A. Borenstein, Colin Cameron, and Richard Gilbert, *Do Gasoline Prices Respond Asymmetrically to Crude Oil Price Changes?*, National Bureau of Economic Research, 1992; Jeffrey Karrenbrock, "The Behavior of Retail Gasoline Prices: Symmetric or Not?," Federal Reserve Bank of St. Louis Review, 1991; and US General Accounting Office, *Analysis of the Pricing of Crude Oil and Petroleum Products*, 1993.) In the present study, it is assumed that only 80% of the wholesale savings is translated to consumers, thus again understating the likely benefits. It is further assumed, and widely supported by empirical studies and market behavior, that reductions in cost from one supply source will be matched by others in the market. (See, for example, Howard Friedman, "The Analyst's Angle," *Indiana Department of Natural Resources*, 1998; "Taking the Mystery Out of Gasoline Prices," *Petroleum Communications Foundation*, 1997; Rick Castnals and Herb Johnson, "Gas Wars: Retail Gasoline Price Fluctuations," *Review of Economics and Statistics*, 1993; and Margaret E. Slade, "Vancouver's Gasoline-Price Wars: An Empirical Exercise in Uncovering Supergame Strategies," *Review of Economic Studies*, 1992.)

The calculated savings to consumers represent a net increase in after-tax spendable income. A portion of this gain will be saved or spent outside the area, but the vast majority of it will be spent locally on various household purchase items. The composition of these direct outlays is estimated using information regarding typical local spending patterns compiled from the US Department of Labor and the American Chamber of Commerce Researchers' Association. (Some of these savings also accrue to local business enterprises. Those entities typically have higher multipliers than consumers, thus making the approach employed in this study quite conservative.)

After the components of direct spending are compiled, the indirect and induced (or multiplier) effects are determined. (The actual incremental consumer spending that takes place as a result of savings stemming from the project is called the direct effect. The production of the purchased goods is known as the indirect effect, while that resulting from payroll spending is the induced effect.) Given a reliable measure of the direct magnitude of increased spending, localized input-output models may be used to determine the additional or "multiplier" production that is generated.

These effects are calculated by using the relevant geographic submodels of the U.S. Multi-Regional Impact Assessment System which was developed and is maintained by The Perryman Group. This model, which has been used in hundreds of applications over the past two decades, reflects the unique industrial composition of each geographic region and may be used to assess business activity in any county or multi-county region. The system is extremely comprehensive and encompasses more than 500 distinct industrial categories. The model is similar in scope to the Input-Output Model of the

United States and the Regional Input-Output Modeling System maintained by the U.S. Department of Commerce, but it incorporates numerous refinements, updates, expansions, and localization parameters. It is designed to provide a realistic yet conservative estimate of the overall outcomes resulting from specific economic stimuli. Thus, it offers an ideal mechanism to assess the anticipated gains to residents in the El Paso area and New Mexico who will benefit from the new pipeline's lower gasoline prices.

ANNUAL ECONOMIC BENEFITS TO CONSUMERS IN THE UPPER RIO GRANDE (EL PASO MSA) AREA

The Upper Rio Grande region primarily benefits from the advent of new competition via cost savings in gasoline and diesel products. The total yearly gains (from cost savings) to consumers in the El Paso area at project maturity are thus determined to be: \$46.648 million in annual Total Expenditures; \$21.165 million in annual Gross Area Product; \$13.168 million in annual Personal Income; \$12.264 million in annual Retail Sales; and 568 Permanent Jobs.

The first graph appended to this report graphically illustrates these economic benefits. (All monetary values throughout this analysis are given in 1998 dollars in order to adjust for the effects of inflation.)

These enhancements to local economic conditions permeate the entire area and positively affect virtually all segments of the population.

ANNUAL ECONOMIC BENEFITS TO HISPANIC CONSUMERS IN THE EL PASO AREA

As more competitive gasoline prices occur in the El Paso area, the highly-concentrated Hispanic population will receive significant economic benefits. Due to the presence of lower gasoline prices, this group is projected to enjoy yearly savings of over \$5.7 million, with an average gain of about 22.0% relative to non-Hispanic households.

The total yearly impacts (in consumer savings) from the new, competitive pipeline on economic activity among local Hispanics are expected to be: \$7.045 million in annual Personal Income; \$5.456 million in annual Wages and Salaries; \$7.154 million in annual Retail Sales; \$11.346 million in annual effective Purchasing Power; and 411 Permanent Jobs.

The second attached graph illustrates these benefits.

This entrance of a new player in the market clearly offers impressive increases in the well-being of the Hispanic community of the Upper Rio Grande region.

ANNUAL ECONOMIC BENEFITS TO HISPANIC CONSUMERS IN THE STATE OF TEXAS

Hispanics across Texas will enjoy further economic benefits from lower prices offered by the new competitor. Hispanic consumers and businesses in the Upper Rio Grande region will purchase inputs from other parts of the state, thus generating subsequent indirect and induced gains.

The total annual impact of the ongoing activities of the new pipeline (from cost savings) on the Hispanic population of Texas are estimated to be: \$10.110 million in annual Personal Income; \$7.813 million in annual Wages and Salaries; \$9.249 million in annual Retail Sales; \$14.875 million in annual effective Purchasing Power, and 590 Permanent Jobs.

The third attachment to this report graphically presents these economic enhancements.

There are, thus, substantial economic gains which will accrue to the Hispanic residents of the state due to the new competitor's lowered gasoline and diesel prices. Texans are not the only U.S. citizens to gain

from the presence of a new competitor. New Mexico residents also stand to benefit.

ANNUAL ECONOMIC BENEFITS TO CONSUMERS IN THE ALBUQUERQUE METROPOLITAN AREA

Consumers in Albuquerque and Las Cruces are among New Mexico's residents most likely to feel an increase in economic activity from the new venture. The Albuquerque area will primarily benefit from the proposed pipeline through cost savings in gasoline and diesel products. At project maturity, the increase in local business activity generated by lower prices of refined products and the associated increase in consumer spending is expected to be: \$33.133 million in annual Total Expenditures; \$17.346 million in annual Gross Area Product; \$10.348 million in annual Personal Income; \$9.230 million in annual Retail Sales; and 581 Permanent Jobs.

These enhancements to local economic conditions permeate the entire area and positively affect virtually all segments of the population. The fourth graph following this report depicts these gains.

ANNUAL ECONOMIC BENEFITS TO CONSUMERS IN THE LAS CRUCES METROPOLITAN AREA

As in Albuquerque, the Las Cruces area will also derive its major gains from the proposed pipeline through savings accruing to purchasers of gasoline and diesel products.

The stimulus to the local economy resulting from lower prices of petroleum products and the corresponding enhancements to consumer spending is estimated at: \$9.308 million in annual Total Expenditures; \$4.704 million in annual Gross Area Product; \$2.840 million in annual Personal Income; \$2.667 million in annual Retail Sales; and 164 Permanent Jobs.

Again, these benefits, which are measured at project maturity, are enjoyed across a broad spectrum of industries and population cohorts. The fifth attached graph illustrates these enhancements.

ANNUAL ECONOMIC BENEFITS TO CONSUMERS IN THE STATE OF NEW MEXICO

The savings achieved in Las Cruces and Albuquerque yield spillover benefits to the entire state of New Mexico. The overall statewide gains from greater accessibility to more competitive gasoline prices in these two urban markets are projected to include: \$48.938 million in annual Total Expenditures; \$25.163 million in annual Gross Area Product; \$14.469 million in annual Personal Income; \$12.370 million in annual Retail Sales; and 807 Permanent Jobs.

Assuming that a similar level of direct savings is available across the entire state, the aggregate incremental stimulus to business activity in New Mexico expands to: \$128.686 million in annual Total Expenditures; \$66.167 million in annual Gross State Product; \$38.048 million in annual Personal Income; \$32.529 million in annual Retail Sales; and 2,122 Permanent Jobs.

It is, thus, readily apparent that the consumers and producers of New Mexico have a substantial stake in the ongoing availability of gasoline at lower prices which is afforded by the new, competitive pipeline. Both sets of consumer benefits are illustrated in the graphs following this report.

SYNOPSIS

This testimony presents an evaluation of the contributions to consumers of a dynamic, new competitor in the Upper Rio Grande and New Mexico markets for gasoline and diesel sales. The results reveal impressive economic enhancements for the residents of the El Paso area, particularly among Hispanic residents. Substantial gains

are also observed for retail customers in New Mexico. Conservative assumptions were used throughout the analysis; longterm effects, such as the greater competitiveness of a region for new industrial locations engendered by lower transportation costs, have not been factored into the analysis. Thus, this assessment should be viewed as a measure of the minimum benefits ensuing from the entrance of a new competitor. The findings clearly reveal that the pipeline is an imaginative endeavor which will be highly advantageous to the consumers it reaches.

Again, I appreciate the opportunity to participate in this process and look forward to ongoing involvement. As additional issues surface concerning the impacts of gasoline prices, I will continue to update our analysis.

If any of you have questions or need additional information, please feel free to let me know. I appreciate the work that all of you do on behalf of the citizens of the United States, and I wish you all the best with the many challenges you face.

RELATIVE ECONOMIC STABILITY OF BRUNEI DARUSSALAM AMONG ASIAN ECONOMICS

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1998

Mr. TOWNS. Mr. Speaker, I would like to bring to my colleagues' attention the attached article from *Euronmoney* October 1998, "Brunei Darussalam: The Abode of Peace."

BRUNEI DARUSSALAM: THE ABODE OF PEACE

Asia is caught in recession. No country in the region can expect to escape from at least part of the consequences of the turmoil that has swept Asian economies. That said, the Sultanate of Brunei Darussalam is better placed than most regional states to weather the challenges ahead.

With the August 1998 inauguration of HRH Prince Haji Al-Muhtadee Billah as Crown Prince and future 30th Sultan in a direct royal line that reaches back over 500 years, Negara Brunei Darussalam truly reaffirmed its position as "The Abode of Peace."

The spectacular and traditional ceremony held in the heart of the capital Bandar Seri Begawan, a modern and forward-looking city, served to underline Brunei Darussalam's fortunate and enduring ability to combine the very best of the past with the very best of the new.

Brunei Darussalam has changed hugely with the flow of oil wealth, but His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, his government and his people have all striven to maintain the traditional standards of the country.

On the resumption of independence in 1984, His Majesty the Sultan proclaimed the country a sovereign, democratic Sunni Moslem monarchy. From the 14th to the 16th centuries Brunei Darussalam was the centre of a substantial empire with strong trading links, which covered much of Borneo and the neighbouring islands. However, by the end of the 19th century the Sultanate had lost much of its territory and influence as the result of European colonial expansion throughout south-east Asia.

In these difficult circumstances, Brunei Darussalam agreed to become a British protectorate and in 1888 accepted a British resi-

dent who advised the Sultan on all matters except the Islamic faith and Malay custom.

The discovery of oil in the western part of the country 20 years later initiated a long period of economic development, which was accelerated when the first offshore discoveries were made in the 1960s and given a further boost by the increase in oil prices in the 1970s.

The Brunei Darussalam constitution was drawn up in 1959, at the same time that the Sultanate became self-governing, although the British maintained responsibility for the country's foreign affairs, security and defence.

In 1967, Sultan Haji Omar 'Ali Saifuddin Sa'adul Khari Waddien, who had reigned for 17 years, voluntarily abdicated in favour of his eldest son, His Majesty Sultan Haji Hassanal Bolkiah, who ascended the throne in 1968, becoming the 29th Sultan.

Since then, His Majesty the Sultan has built upon the foundations laid by his late father, HM Sultan Omar Ali Saifuddin, III, who is remembered as the architect of modern Brunei Darussalam. But the old Sultan never lost his links with his country's past. When he knew he was dying in 1986, he left his modern palace and returned to the old palace near the Kampong Ayer still village on the Brunei River, from which his family had first moved at the start of the century.

The 1979 Treaty of Friendship and Cooperation reinterpreted the long-standing relationship between Britain and Brunei Darussalam and paved the way for Brunei Darussalam to reassume full responsibility for its own destiny as an independent state in January 1, 1984.

Since that date, Brunei Darussalam has joined and supported the aims of all the principle international organizations. Upon independence, it joined the Association of South East Asian Nations (Asean). Most of Brunei's trade is conducted with the other members of Asean, with Singapore being the leading trading partner within the grouping. Participation within Asean projects has also given Brunei an interest in the economic development of the region.

In October 1991, the member states of Asean formally announced the establishment of the Asean Free Trade Area (Afta), which was to be implemented over a period of 15 years, later reduced to 10.

Brunei is also a member of Asia-Pacific Economic Cooperation (Apec) whose heads of government will be the guests of Brunei Darussalam during the Apec 2000 meeting, to be held in Bandar Seri Begawan.

Brunei Darussalam is also a member of the Islamic Development Bank, the World Bank and the International Monetary Fund.

In October 1993, the idea of a "growth quadrangle", encompassing Mindanao and Palawan (the Philippines), Sarawak, Labuan and Sabah (Malaysia), East and West Kalimantan and Sulawesi (Indonesia) and Brunei, was mooted, aiming to emulate the Singapore-Johore-Riau "growth triangle". At a meeting in Mindanao in November 1994, it was agreed to establish the "growth triangle" as the Brunei - Indonesia - Malaysia - Philippines - East Asean Growth Area (BIMP-EAGA). The area has since been expanded with the announcement of the incorporation of additional provinces in Indonesia, including North and South Kalimantan, Maluku Islands and Irian Jaya, in July 1996. It was also decided to locate the secretariat of the East Asean Business Council (EABC) in Brunei. The provision of an office and the pledge to fund one half of the secretariat's operating expenses on a three-

year renewable basis, are seen as part of Brunei Darussalam's commitment towards the development of BIMP-EAGA.

Brunei Darussalam is on the northern coast of the island of Borneo. It covers an area of 5,765 square kilometres. Malays form the majority of the population with a Chinese minority. There are also small expatriate communities, particularly from Britain, the Netherlands, the United States and Australia.

Brunei Darussalam is divided into two parts by Sarawak, a part of eastern Malaysia. The western side of the country is made up of two main districts, Brunei-Muara, Tutong and Belait while the eastern side contains the Temburong district. The climate is tropical and the average daytime temperatures range between 26 degrees centigrade (80 degrees Fahrenheit) and 35C (95F), with the evenings generally being a little cooler.

The annual rainfall varies from 200 inches a year in the interior to 100 inches annually on the coast. Brunei Darussalam has 130 kilometres of coastline and over 85% of the population lives in the coastal area.

CAUTIOUS ECONOMIC MANAGEMENT

In 1997, GDP per head, in Brunei Darussalam measured at current prices was Br\$25,600 (\$14,712). After some years of gentle decline, between 1990 and 1997 GDP increased by an annual average of 2.2%. In 1997, Brunei's GDP, at current prices was estimated at Br\$8,051 million. The economy is based largely on wealth from natural gas and petroleum and from the Brunei Investment Agency managed funds of short and long-term assets.

The proportion of GDP contributed by the petroleum sector has however declined steadily from 83.7% in 1980 to 72.8% in 1985 to 62.9% in 1990 and 35.6% in 1997. Based on the current rate of production, Brunei Darussalam's petroleum and natural gas reserves are expected to last for another 20 and 30 years respectively.

The diversification of the economy into non-petroleum-related activities, which is expected to reduce income disparity (with wealth concentrated hitherto in the petroleum sector) remains a major challenge.

The proportion of GDP contributed by the non-oil sector has increased annually since 1986. Between 1990 and 1996, the GDP of the non-oil sector rose at an average of 5.7% per annum. In 1997 this relatively high growth continued, particularly in service-related areas.

The petroleum sector was adversely affected by depressed prices on the world oil market in the late 1980s. Export earnings from petroleum and natural gas declined by about Br\$9.7 billion in 1980 to Br\$3.6 billion in 1997, although the latter figure still represented 91.1% of the total export revenue.

The downward movement in oil prices has, however, been somewhat balanced by the appreciation of the US dollar as well as the improvement in the non-oil sectors, helped to sustain the recovery of the overall economy, with GDP growth rising from -1.1% in 1992 to 4.1% in 1997.

Brunei's dependence on imports renders it susceptible to external inflationary pressures. Subsidies on essential foodstuffs and petrol however play a part in controlling inflationary pressure. The average annual rate of inflation, as measured by the consumer price index (CPI), was 4% during the decade to 1990 and 2.4% between 1990 and 1994. The index increased by 6.5% in 1995, largely owing to the stiff import tariff announced by the government early in the year, although

this rise was mitigated somewhat by a tariff reduction on some 700 other items in the course of the year.

In 1997 the CPI stood at a low of 1.7%, further improving from the 2% recorded the previous year when the government implemented further tariff cuts on imported consumer items, some tariffs being abolished altogether. In October 1987, the government began a year long survey of household expenditure to help it formulate a new base for the calculation of the CPI.

Brunei Darussalam has always sought to organize and direct its economic growth. There have been seven National Development Plans, covering the periods 1953-58, 1962-66, 1975-79, 1980-84, 1986-90, 1991-95 and 1996-2000 respectively. These plans, although they were far from comprehensive, delineated proposals for government investment in infrastructure, services and incentives, all aimed at diversifying the economy and at increasing private-sector participation in the economic life of the country.

In 1995, the Brunei Industrial Development Plan (IDP) was commissioned to reactivate the non-oil sector. The IDP has since produced several policy recommendations, including the development of "niche strategy" for industrial activities and the creation of an environment that is more conducive to promoting investments.

The government allocated Br\$5.5 billion (\$3.16 billion) for various sectors of the economy in the Sixth National Development Plan (1991-1995). Industry and commerce were slated to receive 10% of the total plan budget, of which Br\$100 million was to be set aside for industrial promotion and development. The social-services sector, which includes government and national housing, public facilities, education and health, was again to receive the largest allocation, at 29.3% of the total planned budget. The transport and communications sector and the public utilities sector were each to receive 20% of the total development allocation. Particular emphasis was to be placed on communications, electricity and water-supply programmes and the treatment of waste products. The remaining funds were allocated to public buildings, defense and security and miscellaneous items.

During the Sixth Plan about 5,100 houses were built under the Housing Development Programme and the Landless Indigenous Housing Scheme, in addition to a number of other institutional and private housing developments.

Under the health programme, the establishment of rural clinics to complement the private clinics and private hospital contributed significantly to the improved provision of medical and health-care services.

In the education sector, various government secondary and religious schools were completed. Also under the Sixth Plan a total of 40 kilometres of new roads were completed, 12km of suburban roads widened and a total of 180 kilometres of existing roads either upgraded or rehabilitated.

The telecommunications sector was also able to diversify its services, which resulted in a marked increase in the number of subscribers. During this period BruNet, an information network, was established to provide access to the Internet.

Other infrastructural projects were undertaken such as the deepening of Muara Port and the completion of the Muara Export Zone (MEZ). Civil aviation benefited from an expansion of cargo and passenger handling at Brunei International Airport. Royal Brunei Airlines, the national carrier, operates a

modern fleet of aircraft and now flies to some 25 international and regional destinations with more being negotiated.

Of nearly 1,000 programmes and projects approved for the Sixth National Plan, 58% were completed, 28% were approaching completion at the end of the plan and 11% were under way when the plan ended, leaving only 3% of the projects cancelled or suspended for various reasons.

In terms of actual expenditures, of the original Br\$5.6 billion, Br\$5 billion or 89% of the total allocation had been or was in the process of being spent.

The Seventh National Development Plan (1996-2000) forms the third stage of the implementation of a 20-year long-term development strategy that began in 1985, one year after independence. This plan aspires further to improve the quality of life for the people of Brunei Darussalam, while at the same time seeking to widen and further enhance the country's economic base. The overall aims of the plan include: the achievement of a balanced and sustained socioeconomic development through a more outward looking economic diversification strategy; the continued development of physical infrastructure and public facilities; the implementation of effective human resource development; the implementation of social development projects, the deployment of appropriate technologies and the continuing protection of the environment.

The government approved a sum of Br\$7.2 billion. The sectoral breakdown is as follows: industry 12.6% (up from 10% in the previous plan); transport and communications 19.5%; social services 27.5%; public utilities 21.9%; public building 8.8%; security (civilian projects for the police and army) 7.3%; and miscellaneous items, which included feasibility studies and local plans, 2.4%.

OIL AND GAS, THE TWIN PILLARS OF ECONOMIC DEVELOPMENT

Brunei Darussalam is south-east Asia's third-largest oil producer and has the world's fourth-largest production of liquefied natural gas (LNG). In 1997 oil output averaged 163,000 barrels a day (b/d), while gas production was running at 1,070 million standard cubic feet a day (MMscf/d).

As long ago as 1981, the Sultanate introduced an oil and gas conservation policy, with the aim of guaranteeing the sound management of all hydrocarbon reservoirs, and ensuring that with the very best enhanced recovery techniques, production will be sustained for the maximum time period possible. Japan and other Asean nations take between them some 70% of Brunei Darussalam's oil production. South Korea is also an important customer. Further crude oil exports go to Australia, China, Taiwan and the United States. The domestic market refines and uses only 3% of total crude production.

The on-shore Seria oil field was discovered by Shell in 1929, only weeks after other oil companies had given up the search for commercial deposits and surrendered their exploration licenses. The Seria field, which had not then been fully developed, was badly damaged during World War II. However by 1956 it was producing 114,700 barrels a day.

Off-shore discoveries led to production at sea in 1964 and there are now around 182 off-shore structures in the South-West Ampa, Fairley, Fairley-Baram (a field which is shared with Malaysia), Magpie, Gannet, Iron Duke and Champion Fields. The Champion field is the Sultanate's most prolific and holds some 40% of the country's proven reserves.

All the producing fields in Brunei Darussalam, both on-shore and off-shore are operated by the Brunei Shell Petroleum Company (BSP), which is jointly owned by the government of Brunei Darussalam and Royal Dutch Shell Petroleum.

BSP is a fully integrated operation which is responsible not only for exploration and production but also oil refining and crude oil trading. In studying complex local geological structures BSP regularly deploys the most technically advanced three-dimensional imaging equipment.

Brunei Darussalam's LNG is produced by a separate company, Brunei LNG, which liquefies product that it purchases from BSP. Brunei LNG, then sells that product to a third company, Brunei Coldgas, which markets the gas and organizes its transport to overseas customers. Brunei owns and operates a fleet of state-of-the-art LNG tankers. Both Brunei LNG and Coldgas are 50% owned by the government. In each company Royal Dutch Shell Petroleum and Mitsubishi hold a 25% stake.

A further company, Brunei Marketing, again jointly owned by the government and Royal Dutch Shell, is responsible for marketing a range of petroleum products, including gasoline, diesel, lubricants and jet fuel within Brunei itself.

When Bruneian LNG was first exported to Japan in 1974 under a 20 year contract, the technology used for the liquefaction and transport was new and ground breaking. The plant has since undergone regular upgrades, to keep abreast of advances in both in production efficiency and safety. The latest modernization programme cost in the region of \$370 million and came at a time when the Japanese supply contract had been successfully renegotiated.

Brunei Darussalam's main Japanese customers are the Tokyo Electric Power Company and the gas utilities of Tokyo and Osaka. The successful renegotiation of the LNG supply contracts to these customers was based upon the secure and reliable supply of gas throughout the first contract period. Thus the LNG Tanker fleet operated by Brunei Shell Tankers has benefited from an evergreen programme of maintenance and technical upgrading, which means that the still represent a modern and highly efficient fleet.

Brunei Darussalam enjoys one of the most unpolluted environments in the world. To keep it that way the government decided to invest in gas as an efficient and environmentally clean fuel for local power generation.

FOREIGN INVESTMENT: A BIG STORY FOR A SMALL COUNTRY

In September 1997 Brunei Darussalam signed a deal with an American communications company to permit the Sultanate to be used as an earth hub to link broadcasting satellites in geostationary orbit over the United States and Europe. The facility reinforces Brunei Darussalam's ambition to establish itself as a regional service hub and centre for communications and broadcasting.

This contract is typical of the type of high-technology investment that Brunei Darussalam is encouraging along with a range of targeted "pioneer industries" which include pharmaceuticals, cement, aluminum, wall tiles, aircraft catering, steel rolling and chemical engineering.

Brunei Darussalam's position as a stable location with excellent infrastructure and communications in the heart of the Asean region recommends it to foreign investors,

who wish to establish a regional operation in a country that enjoys excellent relations with its neighbours.

To attract these foreign investors, Brunei Darussalam has created a liberal legislative and fiscal regime which does not discriminate between local and overseas investment. The value for the Sultanate of the creation of new businesses, more often than not as joint ventures with local partners, (though in many instances 100% ownership is possible), is the opportunity such operations represent for technology transfer and the spread of business and administrative skills.

Tax breaks of up to eight years are available for new ventures, which include the waiving of duty on imported capital equipment and all production inputs that cannot be sourced in Brunei Darussalam itself. Established businesses in Brunei Darussalam that choose to expand their operations can in their turn enjoy tax breaks of up to five years and similar incentives relating to import duties.

Among other incentives is the provision that interest paid to non-resident lenders of an approved foreign loan, is exempt from withholding tax. There is no personal income tax, nor sales, payroll, manufacturing or export taxes and wages are subject only to a 5% pension contribution from both the employer and employee.

Brunei Darussalam being a small and cohesive society, foreign businessmen are never far away from decision makers and informed analysis. The Ministerial Economic Committee, established to examine the consequences and solutions of the current economic down-turn includes foreign businessmen and bankers on its working groups.

Indeed, it is generally agreed that the Ministerial Economic Committee and its working groups have produced an invaluable opportunity for leading businessmen and bankers to come together with ministers and senior officials and discuss existing ideas and new approaches to the challenges that are facing the economy at this time.

However while they may be a novelty in terms of the business world, they are typical of the way in which His Majesty the Sultan and his government seek out the opinion of citizens. During 1997 government ministers and officials held a series of meetings all around the Sultanate, to which every citizen was invited to come with grievances about and suggested improvements to any government service or agency. Complaints were taken up speedily and, if justified, remedied immediately. Of equal importance was that these meetings enabled the official party to explain government policies and actions.

Business start-ups in the Sultanate may attract special finance. The Economic Development Board is responsible for directly assisting local businessmen by providing loans at favorable rates of interest for new ventures or the expansion of their existing businesses. The scheme currently provides loans for up to a maximum of Br\$1.5 million (\$862,000) at 4% interest, repayable up to a maximum period of 12 years.

The cost of utilities and services are among the lowest in the region and there is a full range of international banking and accounting services. There are no restrictions on foreign exchange. Banks permit non-resident accounts to be maintained and there are no restrictions on borrowing by non-residents.

Brunei Darussalam has one of the best telecommunications systems in south-east Asia and there are major plans for improving it even further. The rate of telephone avail-

ability is currently one telephone for every three persons.

There are two earth satellite stations providing direct telephone, telex and facsimile links to most parts of the world. Several systems currently in operation include an analogue telephone exchange, fibre optic cable links with Singapore and Manila, a packet-switching exchange for access to high-speed computer bases overseas and a cellular mobile telephone and paging system. Direct telephone links are available to the remotest parts of the country through microwave and solar-powered telephones.

For manufacturers especially, the local market, while small, boasts high disposable incomes which could offer a lucrative domestic business base, with little or no competition, while firms also concentrate on exporting to Brunei's neighboring markets. There are regular flights with Royal Brunei Airlines to all major regional cities and a sophisticated cargo-handling facility at the ultra-modern Brunei International Airport, which is designed to handle 1.5 million passengers and 50,000 tonnes of cargo a year.

The country's two main ports at Muara and Kuala Belait provide direct shipping links to Hong Kong, Singapore and several other Asian destinations. Muara, a deep-water port 29 kilometers from the capital, was opened in 1973 and has since been considerably developed. There are 12,542 square meters of warehouse space and 6,225 square meters of transit sheds. Container yards have been increased in size and container freight station handles unstuffing operations.

The 2,000 kilometre road network serving the entire country is being expanded and modernized. A main highway runs the entire length of the country's coastline. It conveniently links Muara, the port entry at one end with Belait, the oil production centre at the western end of the state.

The official language of Brunei Darussalam is Malay but English is widely spoken and is also used in the education system. Half the population of the Sultanate is under the age of 20 and the education service has, not surprisingly, seen a massive expansion in recent years. Education is provided free from the age of five for all citizens. The government also provides scholarships for Brunelans to undertake further studies overseas, in subjects where facilities are not available locally.

There are currently two prime higher education establishments, the University of Brunei Darussalam and the Brunei Institute of Technology. The University, which was established 1985, has in recent years been receiving growing numbers of overseas students from the surrounding region. There are also various other technical and vocational institutes aimed at producing graduates who will meet the skill shortages in both the public and private sectors.

However, with such a limited population, the government recognizes that foreign investors will probably not be able to source all the skilled workers and managers they need from the local economy. There are therefore liberal regulations allowing companies based locally to hire foreign workers, from laborers to managers.

The quality of health care in Brunei Darussalam is better than that in many developed countries and all major disease have been eradicated. Malaria has been eliminated since 1970 and cholera and smallpox have also been stamped out and the Ministry of Health carries out regular immunization programmes. Moreover, Brunei Darussalam

has substantially met the health requirements laid down by the World Health Organization in its Health for All by the Year 2000 programme.

Health care is free for Brunei Darussalam's citizens and is available to permanent residents, foreign citizens and their dependants for a nominal charge.

The final attraction for foreign investors is that Brunei Darussalam is an extremely pleasant place in which to live and do business. The quality of life is high, the streets of the capital are safe and the crime rate is negligible. Excellent housing is available and the children of foreign nationals have a choice of schools, including the outstanding new International School at Jerudong. Brunei Darussalam's equatorial weather may come as a surprise to new arrivals but it quickly becomes an interesting part of the pattern of life in the Sultanate, which has been fortunate in never experiencing the typhoons, earthquakes or severe floods that occasionally descend elsewhere in the region.

Brunei Darussalam is proud of its strong Islamic tradition, which is evidenced by the outstanding and impressive mosques that have been built in recent decades. Though some contend that Islam first came to the Sultanate as early as the seventh century, modern scholarship believes that it probably spread to Brunei Darussalam sometime in the 13th century. The constitution guarantees religious freedom.

For business trips, Brunei Darussalam is truly the regional hub of Asean with the flying time to Bangkok, Jakarta, Kuala Lumpur, Manila and Singapore between one-and-a-half and three hours flying time away.

A DIFFERENT HOLIDAY OPPORTUNITY

In a statement in 1996, the government gave details of a plan to develop Brunei as a "Service Hub for Trade and Tourism" (SHuTT) by 2003. Brunei Darussalam wants to see itself as a bridge for the EAGA member countries to the regional and global markets. At the same time, it aspires for Brunei Darussalam to become that gateway to EAGA markets for the rest of the world.

Ports, airport services and tourism services are all being upgraded as part of the move to build on Brunei's excellent regional and international telecommunications network.

Tourism is considered to be a key element in the SHuTT plan. Initiatives include the Visit Brunei Year and the production of the country's first Tourism Master Plan. A new tourism division was established under the Ministry of Industry and Primary Resources. Visa requirements have been relaxed (72-hour visas are now available) and border checkpoints have been upgraded.

Brunei Darussalam's location on the north east coast of Borneo, 450 kilometers north of the equator means it has a climate that combines a great deal of sunshine with a lot of rain, all of which contributes to the creation of the rich and fantastic flora and fauna of the rain forest.

Forestry and agriculture were the traditional productive sectors before the Sultanate was able to enjoy the benefits of its substantial hydrocarbon resources. The original exploitation of the rain forest therefore dated from a time when it had been managed on traditional, sustainable lines. This environmentally sensitive approach has been maintained because, unlike Brunei's neighbours, there has been no imperative to exploit the wealth of the rain forest up to and beyond supportable levels.

Brunei Darussalam therefore offers tourists a unique opportunity to visit large areas of unspoiled jungle which cover 80% of the country's land area, with an extraordinary range of biodiversity.

There are three main reserves, the largest and most striking of which is the Batu Apoi Forest Reserve covering a massive 500 square kilometres of undisturbed rain forest in south Temburong. The Reserve contains the Kuala Belalong Field Studies Centre. Visitors are presented with the extraordinary chance to move around areas of the forest by way of sensitively constructed walkways which include sections that actually take them up into the canopy of the trees, where a completely different range of flora and fauna exist. The Belalong Centre is most easily accessed by water and the up river journey is an outstanding way of experiencing Borneo's jungle waterways, which cut through steep valleys where the jungle towers several hundred metres overhead.

The other reserves are the Bukit Shahbandar Forest Recreation Park and the Sungai Liang Recreation Park, which features catwalks and tower tree houses in the tree canopy.

Brunei Darussalam currently has some 1,200 hotel beds, which are due to be increased to 3,000 by 2000. By that date Brunei is hoping to have doubled the number of visitors to one million a year. Besides its astonishing rain forests, Brunei has its own attractions including the remarkable Jerudong Play Park with a wide range of state-of-the-art rides, all of which are completely free. The Bruneians have also discovered golf in recent years and there is now a series of excellent golf links including one floodlit course for the cool evenings. There are also excellent gymnasia, fitness centres and swimming pools as well as an impressive range of sports stadia where it is planned to host the upcoming Asean games. Bandar Seri Bagawan will also host to meeting of Apec at the end of the millennium and in the first year of the new century, will be mounting a 12-month-long programme of cultural and sporting events as part of the Visit Brunei Year 2001.

Royal palaces, stunning mosques and miles of sandy beaches complement the country's attractions. In a move that will broaden the visitor's horizons yet further, the Brunei Darussalam tourism authorities have also produced a campaign to market the Sultanate as part of the island of Borneo as

well. A modern highway circling the whole island is under construction, so that tourists with more time to spare can plan much longer journeys in this fascinating part of the world.

There are also plans to market "medical tourism", whereby visitors could be treated at the luxurious and fully equipped and staffed Jerudong Medical Centre, whose rooms are better appointed than those of a five star hotel.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, October 8, 1998, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 9

10:30 a.m.

Governmental Affairs

Business meeting, to consider pending nominations.

SD-342

CANCELLATIONS

OCTOBER 8

9:30 a.m.

Select on Intelligence

To hold hearings to examine the scope of national security threats.

SH-216

2:30 p.m.

Select on Intelligence

To hold closed hearings on intelligence matters.

SH-219